

COUNCIL REPORT



CITY OF MOUNTAIN VIEW

AGENDA: June 26, 2012

7.1

CATEGORY: New Business

DEPT.: City Manager/Human Resources

TITLE: Amend Memorandum of Understanding
with Service Employees International
Union (SEIU) Local 715

RECOMMENDATION

Adopt A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 521, AND THE CITY FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2015, AND TO REVISE THE CITY'S SALARY PLAN TO REFLECT THESE COMPENSATION CHANGES, to be read in title only, further reading waived.

FISCAL IMPACT

One key component of the budget balancing strategy for Fiscal Year 2012-13 is an employee compensation cost-containment target of \$600,000 in structural or ongoing savings. This target is being met due to structural savings achieved in new agreements or resolutions with each bargaining unit or employee group. The proposed three-year agreement with SEIU will provide estimated annual structural savings of \$115,000. Costs associated with the proposed agreement are within budget projections for the next three years.

BACKGROUND AND ANALYSIS

The current Memorandum of Understanding (MOU) with SEIU will expire June 30, 2012. SEIU represents approximately 167.50 full-time equivalent (FTE) positions in maintenance, clerical and technical classifications.

City management representatives met with representatives of SEIU from March through June 2012. The City values the work done by employees to provide quality services and facilities to the residents of Mountain View. Recognizing that employee-related costs represent a significant portion of the City's operating costs, the City's interests through the negotiations process were to provide compensation packages which enable the City to meet the following objectives:

- Provide competitive compensation in order to attract and retain employees with the education, skills and experience which enables them to provide quality services on behalf of the City.

- Ensure that employee compensation is financially sustainable, so that the City can balance the operating budget on a structural basis, with ongoing revenues matching, or exceeding, ongoing expenditures, and can provide for long-term equipment and capital needs in order to maintain City service levels.
- Provide similar health benefits to all employees in order to enhance administrative efficiencies and economies of scale in benefits costs.
- Stabilize compensation costs over a multi-year period while retaining the ability to respond to changing economic conditions.

The proposed agreement with SEIU meets the City's interests, with important structural changes to employee pension contributions, vacation and sick-leave provisions, and medical insurance options over the contract term. The proposed changes to the MOU are detailed in the attached resolution and summarized below.

Term: Three years, July 1, 2012 to June 30, 2015.

Medical Benefits: The City anticipates offering a high-deductible health plan (HDHP) to all employees, in addition to the HMO and PPO plans currently provided. The HDHP has significantly lower premium costs and the City would make contributions to the employee Health Savings Account for employees who voluntarily choose to join the HDHP.

Short-Term Disability: Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

One Percent Lump Sum Payment: Effective the first pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all employees in the bargaining unit who are on paid status or approved leave as of July 7, 2012.

Two Percent Cost-of-Living Adjustment (COLA) Fiscal Year 2013-14: Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent COLA.

Two Percent COLA Fiscal Year 2014-15: Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent COLA.

Increase in Holiday In-Lieu Pay—Public Safety Dispatchers: Holiday In-Lieu Pay for Public Safety Dispatchers I/II and Lead Public Safety Dispatchers will be increased from 5 percent to 5.25 percent holiday in-lieu compensation effective the first pay period ending in July 2013.

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CalPERS Cost Share: For Fiscal Year 2012-13, members continue to contribute 3.25 percent of salary towards the employer's rate for the 2.7@55 enhanced retirement benefit with CalPERS (PERS). This cost share amount is in addition to the employee's 8 percent contribution, for a total employee contribution of 11.25 percent in Fiscal Year 2012-13. Effective the first pay period ending in July 2013, members agree to contribute an additional 0.25 percent towards the employer's rate (total of 3.5 percent of salary) in addition to the employee's 8 percent contribution, for a total employee contribution of 11.5 percent on a permanent and ongoing basis.

Defined Benefit/Defined Contribution Plan Lump Sum Payment: Effective the first pay period ending in July 2013, SEIU members agree to eliminate the Defined Contribution Plan lump sum (equivalent to 0.50 percent base salary) on a permanent and ongoing basis.

Vacation Accrual: Effective June 24, 2012, SEIU members who have not attained 16 years or more of service shall accrue vacation to a maximum of 23 days, reduced from 25 days.

Modification of Sick Leave Incentive Program: Change the Sick Leave Incentive Program so that vacation hours granted are deducted from the employee's sick leave bank rather than granting new vacation.

Potential Holiday Closure: Grant one paid day off if City offices are closed to the public between December 24 and January 1 in each year during the term of the MOU.

Reduction of Social Security Replacement Benefit (SSRB): Reduce annual SSRB payment by 47 percent to \$150 annually.

Miscellaneous Provisions: The parties agreed to changes and additional clarification language to the following provisions of the contract: Defined Contribution Plan, Flexible Spending, Jury Duty, Continuous Work, Overtime, Shift Trades, Promotions, Call-back, Call-back While on Stand-by and the City's Duty Program.

CONCLUSION

City management appreciates SEIU's collaborative efforts to address the significant economic challenges experienced in recent years. With other employee groups, SEIU has helped ensure the sustainability of a wide range of quality City services and facilities while avoiding service reductions and layoffs.

The proposed three-year agreement continues important efforts to manage City costs for paid leave, medical benefits and retirement benefits on an ongoing basis. Staff recommends adoption of the attached resolution.

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PUBLIC NOTICING—Agenda posting.

Prepared by:



Melissa Stevenson Dile
Assistant City Manager

Approved by:



Daniel H. Rich
City Manager

MSD/SCS/7/CAM
032-06-26-12M-E^

Attachments: 1. SEIU Resolution

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2012

A RESOLUTION AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO AMEND THE MEMORANDUM OF UNDERSTANDING BETWEEN THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 521, AND THE CITY FOR THE PERIOD OF JULY 1, 2012 THROUGH JUNE 30, 2015, AND TO REVISE THE CITY'S SALARY PLAN TO REFLECT THESE COMPENSATION CHANGES

WHEREAS, the City's current Memorandum of Understanding with SEIU (July 1, 2011 to June 30, 2012) will expire June 30, 2012; and

WHEREAS, a successor Memorandum of Understanding has been negotiated; and

WHEREAS, the amendments to provisions in the current Memorandum of Understanding and new provisions are summarized herein;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Mountain View approves the following amendments to the Memorandum of Understanding:

- *Term*

Three-year agreement (July 1, 2012 to June 30, 2015), incorporating operative amendments and extensions of the MOU.

- *Medical*

Effective August 1, 2012, the City will offer an additional "high-deductible health plan" option. For members who elect to participate in the high-deductible health plan (HDHP), the following contribution schedule will apply for Fiscal Year 2012-13 through Fiscal Year 2014-15. When an employee enrolls in an HDHP for the first time, the City will contribute 100 percent of the plan deductible into the employee's Health Savings Account (HSA). During subsequent enrollment years, the City will contribute 50 percent of the plan deductible into the employee's HSA. If an employee leaves the HDHP and later returns, the City will contribute 50 percent of the plan deductible into the employee's HSA. Employees may contribute additional funds into their HSA up to the IRS annual maximums, for 2012: \$3,100 (self-only coverage); \$6,250 (one or more dependents). The City may change the contribution to the HSA after Fiscal Year 2014-2015. The City will continue to

offer HMO and PPO/POS medical plans and SEIU members have no obligation to participate in the high-deductible health plan.

- *Short-Term Disability*

Effective August 1, 2012, the City shall amend the short-term disability plan to reduce the elimination period from 60 days to 30 days.

- *One Percent Lump Sum Payment*

Effective the first pay period ending in July 2012, the City shall make a one-time, 1.0 percent (of annual base salary) lump sum payment to all employees in the bargaining unit who are on paid status or approved leave as of July 7, 2012.

- *Two Percent Cost-of-Living Adjustment (COLA) Fiscal Year 2013-14*

Effective the first pay period ending in July 2013, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent COLA.

- *Two Percent COLA Fiscal Year 2014-15*

Effective the first pay period ending in July 2014, the City shall amend the salary plan to increase the salary ranges of all classifications in the bargaining unit by a 2.0 percent COLA.

- *Increase in Holiday In-Lieu—Public Safety Dispatchers*

Holiday In-Lieu Pay for Public Safety Dispatchers I/II and Lead Public Safety Dispatchers will be increased from 5.0 percent to 5.25 percent effective the first pay period ending in July 2013.

- *CalPERS Cost Share*

For Fiscal Year 2012-13, members continue to contribute 3.25 percent of salary towards the employer's rate for the 2.7@55 enhanced retirement benefit with CalPERS (PERS). This cost share amount is in addition to the employee's 8.0 percent contribution, for a total employee contribution of 11.25 percent in Fiscal Year 2012-13.

Effective the first pay period ending in July 2013, SEIU members have agreed to contribute an additional one quarter percent (0.25 percent) pension cost share (total of 3.5 percent).

The 3.5 percent cost share will continue on an ongoing basis, unless the PERS employer rate decreases below 21.053 percent, the rate in effect for Fiscal Year 2012-13. In years in which the PERS employer rate is below 21.053 percent, the cost share will temporarily decrease by 0.25 percent for each full 0.50 percent the PERS employer rate decreases below 21.053 percent (changes in the PERS employer rate will not be rounded). After decreasing below 21.053 percent, if the PERS employer rate increases again, the cost share will increase by 0.25 percent for each full 0.50 percent increase in the employer rate. The maximum cost share decrease will be 0.75 percent, with the 2.75 percent cost share continuing on an ongoing basis. The cost share is in addition to the employee-paid PERS member contribution of 8.0 percent.

- *Defined Benefit/Defined Contribution Plan Lump Sum Payment*

Effective the first pay period ending in July 2013, SEIU members agree to eliminate the Defined Contribution Plan lump sum (equivalent to 0.50 percent base salary) on a permanent and ongoing basis.

- *Vacation Accrual*

Effective June 24, 2012, SEIU members with 16 years or more of service shall accrue vacation to a maximum of 23 days, reduced from 25 days. Employees who have 16+ years of service as of June 23, 2012 will be grandfathered and will continue to accrue vacation at their current rate. Accrual rates are pro-rated for regular part-time employees.

Years of Service	Rate Per Year
0 through 5 Years	12 Days
6 through 9 Years	17 Days
10 through 15 Years	22 Days
16+ Years	23 Days

- *Vacation Cash-Out*

The parties agree to a one-time increase in maximum vacation cash-out for Fiscal Year 2012-13 and Fiscal Year 2013-14 equivalent to a 50 percent increase in the current allowable vacation cash-out to a maximum of 120 hours per calendar year. All other provisions of existing vacation cash-out rules will still apply.

In Fiscal Year 2014-15, and on an ongoing basis after that date, the vacation cash-out limit will be eighty (80) hours of vacation per calendar year.

- *Modification of Sick Leave Incentive Program*

The Sick Leave Incentive Program is intended to discourage unnecessary use of sick leave. Under the City's current program, all members who do not use sick leave for one quarter receive eight additional hours of vacation. In Fiscal Year 2012-13, and on an ongoing basis thereafter, all members who do not use sick leave for one quarter will be allowed to convert eight hours of sick leave into vacation.

- *Potential Holiday Closure*

The City may close some offices to the public between December 24 and January 1 in each year during the term of the MOU. It is anticipated that some functions will not be closed in order to provide essential service to the public. In the event that City offices are closed between December 24 and January 1, employees will have the opportunity to discuss with their supervisor whether the employee can work during the closure period. If it is not operationally feasible for an employee to work during the closure period, they will be granted one 8-hour paid day off during the closure period (prorated for regular part-time employees). This paid day off may be used in conjunction with other paid leave during the closure period. If an employee is required to work during the closure period, they may use the 8-hour paid day off on another day before the end of the same fiscal year. The paid day off may not be cashed out, and may not be carried over to another fiscal year.

- *Reduction of Social Security Replacement Benefit (SSRB)*

In January 1971, following a vote of all affected employees, the City withdrew from participation in Social Security. As part of the savings that resulted from the City's withdrawal from Social Security, SEIU employees currently receive \$10.79 per pay period (prorated for regular part-time employees), which is paid annually. Effective the first pay period ending in July 2013, SEIU employees have agreed to reduce, on an ongoing basis, the SSRB benefit to \$5.7692 per pay period (prorated for regular part-time employees), which is paid annually.

- *Tool Reimbursement/Provision*

Effective July 1, 2012, the City shall reimburse the Equipment Service Worker, who, as a condition of employment, is required to provide his/her own tools.

Reimbursement will be made for tools which the employee selects to purchase in order to perform his/her duties. Reimbursement will be made once per fiscal year in June. For Fiscal Year 2012-13, the maximum amount for reimbursement by the City is Seven Hundred Fifty Dollars (\$750). For Fiscal Year 2013-14 and in subsequent years, the maximum amount for reimbursement by the City is Five Hundred Dollars (\$500). The reimbursement shall be administered in accordance with Department procedures and City policy.

- *Uniforms—Fire Department, Fire and Environmental Protection Division*

SEIU employees assigned to the City's Fire Department, Fire and Environmental Protection Division, shall wear department-specified and provided uniforms.

- *Tuition Reimbursement*

Effective July 1, 2012, under this program, the City will allow eligible members to utilize funds from the current and preceding fiscal year toward reimbursable expenses in accordance with the Administrative Policies of the City.

Effective July 1, 2012, under this program, eligible members may elect to cash-out up to 120 hours of vacation in addition to the existing vacation cash-out provisions towards eligible expenses for the remaining balance of expenses after reimbursement from the City. All other provisions of vacation cash-out apply.

- *Certification Pay Settlement*

The City of Mountain View changed from paper to electronic payroll checks in January 2011. An unintended result of this action was that some SEIU employees failed to realize they were no longer receiving Certification Pay for some or all of their certifications due to the certifications expiring.

On a one-time basis, the City will provide a lump sum settlement payment in lieu of the disputed certification pay to employees who would have otherwise been eligible to receive certification pay for the period covering the first full payroll period in January 2011 through pay period including June 30, 2011. The settlement amount is to be calculated by the Finance and Administrative Services Department and in no circumstances shall an employee payment exceed Four Hundred Sixty Dollars (\$460.00).

- *Flexible Spending*

The proposed agreement updates Flexible Spending Account contribution amounts allowed based on new IRS regulations.

- *Jury Duty*

The proposed agreement establishes procedures to be followed when employees who are working a swing or graveyard shift are required to appear in court.

- *Continuous Work*

The proposed agreement clarifies practices in the event the employee is called to work in emergency situations in which the employee is required to work more than 15 hours in a 24-hour period of time.

- *Overtime*

The proposed agreement changes the designation of hours worked beyond 40 hours in a week for purposes of overtime.

- *Shift Trades*

The proposed agreement clarifies provisions for Public Safety Dispatcher shift trades to include the current 10-hour shift.

- *Promotions*

The proposed agreement streamlines the recruitment process for internal applicants.

- *Call Back and Call Back While on Stand-by*

The proposed agreement clarifies the procedures for contacting employees who are unexpectedly ordered back to work.

- *Duty Program*

The proposed agreement clarifies duty program participation eligibility requirements, enrollment in the program and standard operating procedures.

SCS/7/RESO
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